

FISCAL NOTE

Bill #: SB0108

Title: Generally revise workers' compensation laws

Primary Sponsor: McNutt, W

Status: As Introduced

Sponsor signature _____ Date _____

Chuck Swysgood, Budget Director _____ Date _____

Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
State Special Revenue	\$0	\$0
Revenue:		
State Special Revenue	\$169,396	\$169,396
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. The number of uninsured employers brought into compliance in FY 2002 was 535. A similar number of uninsured employers is anticipated through each year of the 2005 biennium.
2. Collection fees assessed during FY 2002 by the collection service were \$124,000. These fees decreased revenue to the uninsured employer's fund (UEF). Assuming the collection service will be able to collect its costs on top of the debt will result in \$124,000 of additional revenue for the UEF during each year of the biennium.
3. The collection rate on penalties assessed against uninsured employers was 36 percent during FY 2002. A similar collection rate is anticipated on penalties assessed during the biennium.
4. The collection time on an uninsured penalty averaged 91 days in FY 2002. A similar collection time is anticipated in this biennium. Total collections by the UEF in FY 2002 were \$819,602. Assuming similar penalty amounts will be assessed in FY 2004 and FY 2005, an additional \$24,588 in interest charge collections is anticipated ($819,602 \times 3\%$).
5. In FY 2002 there were 289 uninsured employers who took more than 30 days to secure coverage once they were notified of the need to obtain coverage. Assuming that the time employers take to comply does not change substantially with the additional penalty charge, an additional \$20,808 in revenue is anticipated each year of the biennium ($(289 \times \$200 \text{ penalty}) \times 36\% \text{ anticipated collection rate}$).

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(continued)

6. No additional accounts receivable processing costs are anticipated, as these charges will be added to the billing notices that are already generated to these employers.

FISCAL IMPACT:

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
<u>Revenues:</u>		
State Special Revenue (02)	\$169,396	\$169,396
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	\$169,396	\$169,396